

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
BREMEN PUBLIC SCHOOLS
MARSHALL COUNTY COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/06/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Stephanie K. Pittman	07-01-06 to 06-30-09
Superintendent of Schools	Russ Mikel	07-01-06 to 06-30-09
President of the School Board	Becky Beron Jack Jordan	01-01-06 to 12-31-08 01-01-09 to 12-31-09



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bremen Public Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 5, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 5, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bremen Public Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 5, 2009

BREMEN PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 6,211,770	\$ -	\$ 50,250	\$ (6,161,520)
Support services	6,122,240	374,406	168,560	(5,579,274)
Community services	253,784	-	-	(253,784)
Nonprogrammed charges	9,735	-	-	(9,735)
Debt service	<u>2,219,395</u>	<u>-</u>	<u>-</u>	<u>(2,219,395)</u>
Total government	<u>\$ 14,816,924</u>	<u>\$ 374,406</u>	<u>\$ 218,810</u>	<u>(14,223,708)</u>
General receipts:				
Property taxes				3,179,778
Other local sources				940,916
State aid				4,797,584
Bonds and loans				10,434,528
Grants and contributions not restricted to specific programs				560,643
Sale of property, adjustments, and refunds				16,917
Investment earnings				<u>188,038</u>
Total general receipts				<u>20,118,404</u>
Change in net assets				5,894,696
Net assets - beginning				<u>2,454,665</u>
Net assets - ending				<u>\$ 8,349,361</u>
<u>Assets</u>				
Cash and investments				<u>\$ 8,349,361</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 8,349,361</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 6,169,638	\$ -	\$ 143,536	\$ (6,026,102)
Support services	11,376,955	384,664	189,987	(10,802,304)
Community services	298,152	-	-	(298,152)
Nonprogrammed charges	12,017	-	-	(12,017)
Debt service	<u>3,582,785</u>	<u>-</u>	<u>-</u>	<u>(3,582,785)</u>
Total government	<u>\$ 21,439,547</u>	<u>\$ 384,664</u>	<u>\$ 333,523</u>	<u>(20,721,360)</u>
General receipts:				
Property taxes				5,129,658
Other local sources				884,806
State aid				4,726,458
Bonds and loans				3,739,738
Grants and contributions not restricted to specific programs				525,698
Sale of property, adjustments, and refunds				33,590
Investment earnings				<u>293,067</u>
Total general receipts				<u>15,333,015</u>
Change in net assets				(5,388,345)
Net assets - beginning				<u>8,349,361</u>
Net assets - ending				<u>\$ 2,961,016</u>
<u>Assets</u>				
Cash and investments				\$ 2,935,844
Restricted assets:				
Cash and investments				<u>25,172</u>
Total assets				<u>\$ 2,961,016</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 25,172
Unrestricted				<u>2,935,844</u>
Total net assets				<u>\$ 2,961,016</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 2,066,053	\$ 303,693	\$ 822,736	\$ 760,568	\$ 33,297	\$ 108,316	\$ 584,518	\$ 4,679,181
Intermediate sources	166	-	-	-	-	-	750	916
State sources	4,828,523	-	-	-	-	-	78,830	4,907,353
Federal sources	6,331	-	-	-	-	-	666,390	672,721
Bonds and loans	1,228,039	-	-	306,489	-	8,900,000	-	10,434,528
Sale of property, adjustments and refunds	3,479	6,852	-	-	-	491	618	11,440
Total receipts	8,132,591	310,545	822,736	1,067,057	33,297	9,008,807	1,331,106	20,706,139
Disbursements:								
Current:								
Instruction	5,786,917	-	-	-	-	-	424,853	6,211,770
Support services	1,837,584	405,508	-	1,071,074	-	1,615,687	1,192,387	6,122,240
Community services	248,880	-	-	-	-	-	4,904	253,784
Nonprogrammed charges	-	-	-	-	-	-	9,735	9,735
Debt services	737,708	-	1,326,023	-	-	-	155,664	2,219,395
Total disbursements	8,611,089	405,508	1,326,023	1,071,074	-	1,615,687	1,787,543	14,816,924
Excess (deficiency) of receipts over disbursements	(478,498)	(94,963)	(503,287)	(4,017)	33,297	7,393,120	(456,437)	5,889,215
Other financing sources (uses):								
Transfers in	-	-	483,741	-	-	-	102,273	586,014
Transfers out	-	(71,456)	-	(383,741)	-	-	(130,817)	(586,014)
Total other financing sources (uses)	-	(71,456)	483,741	(383,741)	-	-	(28,544)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(478,498)	(166,419)	(19,546)	(387,758)	33,297	7,393,120	(484,981)	5,889,215
Cash and investments - beginning	990,904	265,464	19,546	525,436	(20,450)	-	776,276	2,557,176
Cash and investments - ending	\$ 512,406	\$ 99,045	\$ -	\$ 137,678	\$ 12,847	\$ 7,393,120	\$ 291,295	8,446,391
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								(97,030)
Net assets of governmental activities								\$ 8,349,361
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 512,406	\$ 99,045	\$ -	\$ 137,678	\$ 12,847	\$ 7,393,120	\$ 291,295	\$ 8,446,391
<u>Cash and Investment Fund Balance - Ending</u>								
Unrestricted	\$ 512,406	\$ 99,045	\$ -	\$ 137,678	\$ 12,847	\$ 7,393,120	\$ 291,295	\$ 8,446,391

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 3,025,346	\$ 436,738	\$ 1,244,556	\$ 957,875	\$ 149,365	\$ 233,790	\$ 642,389	\$ 6,690,059
Intermediate sources	166	-	-	-	-	-	1,971	2,137
State sources	4,805,333	-	-	-	-	-	145,087	4,950,420
Federal sources	4,740	-	-	-	-	-	630,518	635,258
Bonds and loans	1,964,362	-	1,069,988	556,672	-	-	148,716	3,739,738
Sale of property, adjustments and refunds	1,229	4,410	-	2,199	-	-	25,752	33,590
Total receipts	9,801,176	441,148	2,314,544	1,516,746	149,365	233,790	1,594,433	16,051,202
Disbursements:								
Current:								
Instruction	5,765,692	-	-	-	-	-	403,946	6,169,638
Support services	2,257,054	440,549	-	1,321,914	273,048	6,298,012	786,378	11,376,955
Community services	295,505	-	-	-	-	-	2,647	298,152
Nonprogrammed charges	6,172	-	-	-	-	-	5,845	12,017
Debt services	1,242,256	-	1,805,631	306,489	-	-	228,409	3,582,785
Total disbursements	9,566,679	440,549	1,805,631	1,628,403	273,048	6,298,012	1,427,225	21,439,547
Excess (deficiency) of receipts over disbursements	234,497	599	508,913	(111,657)	(123,683)	(6,064,222)	167,208	(5,388,345)
Other financing sources (uses):								
Transfers in	-	71,456	-	383,741	-	-	111,200	566,397
Transfers out	-	-	(483,741)	-	-	-	(82,656)	(566,397)
Total other financing sources (uses)	-	71,456	(483,741)	383,741	-	-	28,544	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	234,497	72,055	25,172	272,084	(123,683)	(6,064,222)	195,752	(5,388,345)
Cash and investments - beginning	512,406	99,045	-	137,678	12,847	7,393,120	291,295	8,446,391
Cash and investments - ending	<u>\$ 746,903</u>	<u>\$ 171,100</u>	<u>\$ 25,172</u>	<u>\$ 409,762</u>	<u>\$ (110,836)</u>	<u>\$ 1,328,898</u>	<u>\$ 487,047</u>	<u>3,058,046</u>
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:								
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
Net assets of governmental activities								<u>\$ 2,961,016</u>
<u>Cash and Investment Assets - Ending</u>								
Cash and investments	\$ 746,903	\$ 171,100	\$ -	\$ 409,762	\$ (110,836)	\$ 1,328,898	\$ 487,047	\$ 3,032,874
Restricted assets:								
Cash and investments	-	-	25,172	-	-	-	-	25,172
Total cash and investment assets - ending	<u>\$ 746,903</u>	<u>\$ 171,100</u>	<u>\$ 25,172</u>	<u>\$ 409,762</u>	<u>\$ (110,836)</u>	<u>\$ 1,328,898</u>	<u>\$ 487,047</u>	<u>\$ 3,058,046</u>
<u>Cash and Investment Fund Balance - Ending</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ 25,172	\$ -	\$ -	\$ -	\$ -	\$ 25,172
Unrestricted	746,903	171,100	-	409,762	(110,836)	1,328,898	487,047	3,032,874
Total cash and investment fund balance - ending	<u>\$ 746,903</u>	<u>\$ 171,100</u>	<u>\$ 25,172</u>	<u>\$ 409,762</u>	<u>\$ (110,836)</u>	<u>\$ 1,328,898</u>	<u>\$ 487,047</u>	<u>\$ 3,058,046</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007

	Internal Service Fund
	<u>Self-Insurance</u>
Operating receipts:	
Miscellaneous	\$ 5,481
Change in net assets	<u>5,481</u>
Cash and investment fund balance - beginning	<u>(102,511)</u>
Cash and investment fund balance - ending	<u>\$ (97,030)</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ (97,030)</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ (97,030)</u>

The notes to the financial statements are an integral part of this statement

BREMEN PUBLIC SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008

	Internal Service Fund <u>Self-Insurance</u>
Cash and investment fund balance - beginning	\$ (97,030)
Cash and investment fund balance - ending	<u>\$ (97,030)</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ (97,030)</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ (97,030)</u>

The notes to the financial statements are an integral part of this statement

BREMEN PUBLIC SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Fund	Private-Purpose Trust Funds	Agency Fund
	<u>Retirement/ Severance Bond</u>	<u>Trust Funds</u>	<u>Agency Fund</u>
Additions:			
Contributions:			
Employer	\$ 160,723	\$ -	
Total additions	<u>160,723</u>	<u>-</u>	
Deductions:			
Benefits	60,423	-	
Administrative and general	<u>-</u>	<u>960</u>	
Total deductions	<u>60,423</u>	<u>960</u>	
Excess (deficiency) of total additions over total deductions	100,300	(960)	
Cash and investment fund balance - beginning	<u>(100,300)</u>	<u>2,391</u>	
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,431</u>	<u>\$ 57,676</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 1,431</u>	
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,431</u>	

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Fund Retirement/ Severance Bond	Private-Purpose Trust Fund	Agency Fund
Additions:			
Contributions:			
Employer	\$ 52,197	\$ -	
Agency fund additions	<u>-</u>	<u>-</u>	
Total additions	<u>52,197</u>	<u>-</u>	
Deductions:			
Benefits	52,197	-	
Administrative and general	-	765	
Agency fund deductions	<u>-</u>	<u>-</u>	
Total deductions	<u>52,197</u>	<u>765</u>	
Excess (deficiency) of total additions over total deductions	-	(765)	
Cash and investment fund balance - beginning	<u>-</u>	<u>1,431</u>	
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 666</u>	<u>\$ 23,400</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 666</u>	
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 666</u>	

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Bremen Public Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Ventures

The School Corporation is a participant with numerous school corporations in a joint venture to operate the Northern Indiana Educational Services (NIESC) which was created to provide educational services to the member schools. The School Corporation is obligated by contract to remit an annual fee based upon a formula per ADM to supplement the NIESC. The NIESC's continued existence depends on continued funding by the School Corporation. Complete financial statements for the NIESC can be obtained from the administrative office of NIESC, 56535 Magnetic Drive, Mishawaka, IN, 46545.

The School Corporation is a participant with Elkhart Community Schools in a joint venture to provide vocational education training to school corporations who contract with Elkhart Community Schools. The Elkhart Career Center was created to provide vocational education to enrolled students. The School Corporation paid \$125,508 and \$135,067 for the 2006-07 and 2007-08 school years, respectively, for this service. There are no separate financial statements for the Elkhart Career Center. The financial data for the Elkhart Career Center is part of the financial records of the Elkhart Community Schools.

The School Corporation is a participant with thirty-six other school corporations in a joint venture to operate North Central Energy Cooperative (NEC), which was created to procure natural gas in an economical and efficient manner. The School Corporation is obligated by contract to remit its share of the expenses. Complete financial statements for NEC can be obtained from their administrative offices at 59040 Minuteman Way, Elkhart, Indiana 46517.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The construction fund is used to account for construction costs of the two building renovation projects.

Additionally, the School Corporation reports the following fund types:

The internal service fund has a deficit cash balance and is no longer used for self-insurance purposes but was used for payment of medical claims.

The pension trust fund account for receipts and disbursements concerning retirement/severance benefits authorized by statute.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the students.

Agency fund account for assets held by the School Corporation as an agent for payroll withholdings.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As of January 1, 2008, the Department of Education has mandated changes in the chart of accounts used by the school corporation. These changes have caused expenses to be allocated in a manner that is not consistent with reporting prior to January 1, 2008. These changes did not affect the total amount of expenses, only the allocation of the expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>FY 2007</u>	<u>FY 2008</u>
Self-Insurance	\$ 97,030	\$ 97,030
School Bus Replacement	-	110,836
Drug Free Communities	-	427
Special Education FY 2007	1,252	-
Federal Preschool FY 2007	528	-
Special Education FY 2008	-	4,301
Pension Debt Service	-	1,964

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$2,985,116.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	FY 2007	FY 2008
Capital Projects Fund	Debt Service Fund	\$ 383,741	\$ -
Debt Service Fund	Capital Projects Fund	-	383,741
Debt Service Fund	Other Governmental Funds	-	100,000
Transportation Operating Fund	Other Governmental Funds	71,456	-
Other Governmental Funds	Transportation Operating Fund	-	71,456
Other Governmental Funds	Debt Service Fund	100,000	-
Other Governmental Funds	Other Governmental Funds	30,817	11,200
Totals		<u>\$ 586,014</u>	<u>\$ 566,397</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2006
Governmental Funds	\$ 2,392	\$ (2,392)	\$ -	\$ -	\$ -
Private-Purpose Trust Funds	-	2,391	-	-	2,391

D. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2007 and June 30, 2008, was as follows:

Fund	General	Debt Service	Capital Projects	Pension Debt Service
Payable, July 1, 2006	\$ 737,708	\$ -	\$ -	\$ -
Warrants Issued	1,228,039	479,167	306,489	78,226
Warrants Repaid	<u>737,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
Payable, June 30, 2007	1,228,039	479,167	306,489	78,226
Warrants Issued	1,964,362	590,821	556,672	-
Warrants Repaid	<u>1,228,039</u>	<u>479,167</u>	<u>306,489</u>	<u>-</u>
Payable, June, 30, 2008	<u>\$ 1,964,362</u>	<u>\$ 590,821</u>	<u>\$ 556,672</u>	<u>\$ 78,226</u>

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

The School Corporation maintains an inactive self insurance fund with a negative cash balance, which dates back to 2004. This is due to a dispute with the insurance carrier over reimbursements due the school corporation from the insurance carrier. The School Corporation no longer expects to receive any more reimbursements from the insurance carrier, but will continue to maintain this fund until a transfer is made from either the General fund or the Rainy Day Fund to eliminate the negative cash fund balance.

B. Holding Corporations

The School Corporation has entered into capital leases with the Bremen Middle School Corporation, the Bremen Public School Building Corporation, and the Bremen Multi School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments during the 2007-08 school year totaled \$1,206,806.

C. Subsequent Events

Beginning in 2009, the State General Fund as part of the basic grant distribution shall pay to each school corporation, an amount sufficient to provide all funding for the General and Special Education Preschool Funds of local school corporations. At the local level, no property taxes will be collected for the benefit of these funds. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any school corporation by the amount of the payment to be made in 2009 by the State.

D. Termination Benefits

The School Corporation offers an Early Retirement/Severance Pay Plan (457(b) plan), administered by TIAA-CREF, to any retiring teacher who has a minimum of 15 years of service with the School Corporation and has attained the minimum age of 55. The severance pay is calculated based on \$75 per year of service to the School Corporation and \$30 per day for unused sick leave of 100 days or more.

During the years ended June 30, 2007 and 2008, the School Corporation paid \$86,683 and \$94,388 to 12 and 13 retirees, respectively.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Bremen Public Schools Early Retirement/Severance Pay Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by contacting the plan administrator:

TIAA-CREF Trust Company, FSB
211 N Broadway, Suite 1000
St Louis, Mo. 63102-2733
888-842-9001

E. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Bremen Public Schools Healthcare Plan (VEBA Trust) is a single-employer defined benefit healthcare plan administered by TIAA-CREF. The plan provides medical insurance benefits to eligible retirees and their spouses. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation. The Bremen Public Schools Healthcare Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole. That report may be obtained by contacting the plan administrator:

TIAA-CREF Trust Company, FSB
211 N Broadway, Suite 1000
St Louis, Mo. 63102-2733
888-842-9001

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. During the years ended June 30, 2007 and 2008, the School Corporation paid \$66,943 and \$72,403, respectively, in healthcare benefits to the plan.

The defined benefit healthcare plan is granted to any teacher who retires prior to reaching the age at which they may receive social security benefits if the following conditions are met: (1) the teacher must inform the Bremen School Corporation Board of Trustees, in writing, of the decision to retire no later than April 1 of the last school year the teacher will teach, or receive a waiver from the Board; and (2) the teacher must have a minimum of fifteen (15) years of service in Bremen Public Schools and must be at least fifty-five (55) years of age. The age at retirement shall be the attained age of the teacher on May 30 or the last scheduled day of the final school year during which the teacher teaches, whichever is later. The salary schedule used for all calculations shall be the 2000-2001 schedule.

In addition, each year the teacher receives retirement compensation, the teacher will also receive the School Corporation's health plan contribution (2000-2001 contract agreement) to be used for the teacher's health care. The total contribution shall be calculated according to the type of plan (single/family) the teacher had selected for the majority of the five (5) years prior to and including the 2000-2001 school year multiplied by a factor of seven (7). The total contribution will be provided in equal payments over the period of time the employee receives retirement compensation.

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Upon the demise of the retiree while receiving retirement benefits, a lump sum payment of the remaining benefit will be paid to the primary beneficiary listed on the teacher's group life insurance policy with the Bremen Public Schools.

Annual OPEB Cost and Net OPEB Obligation

The School Corporation's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The School Corporation has not had a study done which actuarially determines the cost of the plan to the School Corporation.

Funded Status and Funding Progress

As of June 30, 2008, the estimated accrued liability for benefits was unknown, and the value of assets, available in the pension trust fund for the healthcare plan (VEBA Trust), was \$877,665 and for the early retirement/severance plan (457(b) plan), was \$1,268,770.

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

Annual required contribution	\$ 88,805
Interest on net pension obligation	(8,475)
Adjustment to annual required contribution	<u>9,658</u>
Annual pension cost	89,988
Contributions made	<u>74,953</u>
Increase in net pension obligation	15,035
Net pension obligation, beginning of year	<u>(116,892)</u>
Net pension obligation, end of year	<u><u>\$ (101,857)</u></u>
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
	30 years
Amortization period	07-01-97
Amortization period (from date)	75% of expected actuarial value plus 25% of market value
Asset valuation method	

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

BREMEN PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-05	\$ 42,628	169%	\$ (117,323)
06-30-06	69,456	99%	(116,892)
06-30-07	89,988	83%	(101,857)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$182,030, \$159,956, and \$150,638, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

BREMEN PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,170,788	\$ 1,310,065	\$ (139,277)	89%	\$ 1,128,474	(12%)
07-01-06	1,189,345	1,395,817	(206,472)	85%	1,212,688	(17%)
07-01-07	1,090,652	1,180,147	(89,495)	92%	1,125,388	(8%)

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Local Rainy Day	School Lunch	Textbook Rental	Extended Kindergarten	Educational License Plates
Receipts:						
Local sources	\$ 6,687	\$ -	\$ 237,656	\$ 155,948	\$ 87,726	\$ -
Intermediate sources	-	-	-	-	-	750
State sources	36,002	-	7,805	17,713	-	-
Federal sources	-	-	140,042	-	-	-
Sale of property, adjustments and refunds	8	-	-	610	-	-
Total receipts	42,697	-	385,503	174,271	87,726	750
Disbursements:						
Current:						
Instruction	57,318	-	-	-	76,032	-
Support services	-	320,000	476,535	167,399	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	57,318	320,000	476,535	167,399	76,032	-
Excess (deficiency) of receipts over disbursements	(14,621)	(320,000)	(91,032)	6,872	11,694	750
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(100,000)	-	-	-	-
Total other financing sources (uses)	-	(100,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,621)	(420,000)	(91,032)	6,872	11,694	750
Cash and investments - beginning	83,130	440,133	136,504	61,762	19,775	3,750
Cash and investments - ending	\$ 68,509	\$ 20,133	\$ 45,472	\$ 68,634	\$ 31,469	\$ 4,500
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 68,509	\$ 20,133	\$ 45,472	\$ 68,634	\$ 31,469	\$ 4,500
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 68,509	\$ 20,133	\$ 45,472	\$ 68,634	\$ 31,469	\$ 4,500

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Alternative Education	School Safety Commission Award	Gifted and Talented	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	12,756	-	-	4,554
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	12,756	-	-	4,554
Disbursements:						
Current:						
Instruction	125	-	14,530	-	-	1,071
Support services	-	-	-	228	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	125	-	14,530	228	-	1,071
Excess (deficiency) of receipts over disbursements	(125)	-	(1,774)	(228)	-	3,483
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(125)	-	(1,774)	(228)	-	3,483
Cash and investments - beginning	988	90	1,774	2,432	384	7,124
Cash and investments - ending	<u>\$ 863</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 2,204</u>	<u>\$ 384</u>	<u>\$ 10,607</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 863</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 2,204</u>	<u>\$ 384</u>	<u>\$ 10,607</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 863</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 2,204</u>	<u>\$ 384</u>	<u>\$ 10,607</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Principals' Technology Grant	Science Telecommunications Grant	Media Technology Grant	Tobacco Settlement Grant	Tobacco Free Mini Grant	Title I FY 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	13,608
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	1,000	13,608
Disbursements:						
Current:						
Instruction	-	-	-	-	-	28,936
Support services	218	70	5	1,272	-	250
Community services	-	-	-	-	-	1,709
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	218	70	5	1,272	-	30,895
Excess (deficiency) of receipts over disbursements	(218)	(70)	(5)	(1,272)	1,000	(17,287)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(16,902)
Total other financing sources (uses)	-	-	-	-	-	(16,902)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(218)	(70)	(5)	(1,272)	1,000	(34,189)
Cash and investments - beginning	218	87	5	1,403	-	34,189
Cash and investments - ending	\$ -	\$ 17	\$ -	\$ 131	\$ 1,000	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 17	\$ -	\$ 131	\$ 1,000	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 17	\$ -	\$ 131	\$ 1,000	\$ -

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title I FY 2006-2007	Title V 2005-2007 FY	Title V 2004-2006 FY	Federal Special Education FY 2006-2007	Federal Special Education Sliver FY 2005-2006	Federal Special Education Carryover FY 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	118,589	4,617	-	216,931	449	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	118,589	4,617	-	216,931	449	-
Disbursements:						
Current:						
Instruction	105,444	-	-	32,804	-	7,725
Support services	655	4,617	-	185,379	1,572	3,081
Community services	3,195	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	109,294	4,617	-	218,183	1,572	10,806
Excess (deficiency) of receipts over disbursements	9,295	-	-	(1,252)	(1,123)	(10,806)
Other financing sources (uses):						
Transfers in	16,902	-	-	-	-	10,806
Transfers out	-	-	(2,925)	-	-	-
Total other financing sources (uses)	16,902	-	(2,925)	-	-	10,806
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,197	-	(2,925)	(1,252)	(1,123)	-
Cash and investments - beginning	-	-	2,925	-	1,123	-
Cash and investments - ending	\$ 26,197	\$ -	\$ -	\$ (1,252)	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 26,197	\$ -	\$ -	\$ (1,252)	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 26,197	\$ -	\$ -	\$ (1,252)	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Federal Preschool FY 2005-2006	Federal Preschool FY 2006-2007	Federal Preschool Carryover FY 2006-2007	Drug Free Special Grant FY 2002-2003	Title IV Drug Free 2005-2007 FY	Title IV Drug Free FY 2003-2004
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	1,309	6,339	-	-	6,247	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	1,309	6,339	-	-	6,247	-
Disbursements:						
Current:						
Instruction	165	6,867	184	-	352	-
Support services	-	-	-	-	4,675	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	165	6,867	184	-	5,027	-
Excess (deficiency) of receipts over disbursements	1,144	(528)	(184)	-	1,220	-
Other financing sources (uses):						
Transfers in	-	-	184	-	-	-
Transfers out	(184)	-	-	-	-	-
Total other financing sources (uses)	(184)	-	184	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	960	(528)	-	-	1,220	-
Cash and investments - beginning	(960)	-	-	500	-	1
Cash and investments - ending	\$ -	\$ (528)	\$ -	\$ 500	\$ 1,220	\$ 1
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ (528)	\$ -	\$ 500	\$ 1,220	\$ 1
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ (528)	\$ -	\$ 500	\$ 1,220	\$ 1

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title IV Drug Free FY 2005-2006	Federal Special Education FY 2005-2006	Medicaid Reimbursement	Hurricane Recovery Education Grant	High Schools That Work Program	Indiana Wellness Grant	Title II Part A FY 2005-2006
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	50,718	-	3,000	2,000	130	39,326
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	50,718	-	3,000	2,000	130	39,326
Disbursements:							
Current:							
Instruction	-	15,668	-	3,000	-	-	25,335
Support services	5,496	-	3,174	-	638	-	10,977
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	5,496	15,668	3,174	3,000	638	-	36,312
Excess (deficiency) of receipts over disbursements	(5,496)	35,050	(3,174)	-	1,362	130	3,014
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(10,806)	-	-	-	-	-
Total other financing sources (uses)	-	(10,806)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,496)	24,244	(3,174)	-	1,362	130	3,014
Cash and investments - beginning	5,496	(24,244)	6,093	-	(1,362)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 2,919	\$ -	\$ -	\$ 130	\$ 3,014
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ -	\$ -	\$ 2,919	\$ -	\$ -	\$ 130	\$ 3,014
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ -	\$ -	\$ 2,919	\$ -	\$ -	\$ 130	\$ 3,014

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II Part A FY 2004-2005	Title II Part D	Title III LEP Grant	Pension Debt Service	Repair and Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	95,501	-	\$ 584,518
Intermediate sources	-	-	-	-	-	750
State sources	-	-	-	-	-	78,830
Federal sources	-	2,610	60,475	-	-	666,390
Sale of property, adjustments and refunds	-	-	-	-	-	618
Total receipts	-	2,610	60,475	95,501	-	1,331,106
Disbursements:						
Current:						
Instruction	-	-	49,297	-	-	424,853
Support services	-	992	4,361	-	793	1,192,387
Community services	-	-	-	-	-	4,904
Nonprogrammed charges	-	-	9,735	-	-	9,735
Debt services	-	-	-	155,664	-	155,664
Total disbursements	-	992	63,393	155,664	793	1,787,543
Excess (deficiency) of receipts over disbursements	-	1,618	(2,918)	(60,163)	(793)	(456,437)
Other financing sources (uses):						
Transfers in	2,925	-	-	71,456	-	102,273
Transfers out	-	-	-	-	-	(130,817)
Total other financing sources (uses)	2,925	-	-	71,456	-	(28,544)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,925	1,618	(2,918)	11,293	(793)	(484,981)
Cash and investments - beginning	(2,925)	(136)	2,918	(11,293)	4,392	776,276
Cash and investments - ending	\$ -	\$ 1,482	\$ -	\$ -	\$ 3,599	\$ 291,295
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 1,482	\$ -	\$ -	\$ 3,599	\$ 291,295
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 1,482	\$ -	\$ -	\$ 3,599	\$ 291,295

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Local Rainy Day	School Lunch	Textbook Rental	Extended Kindergarten	Educational License Plates	Alternative Education
Receipts:							
Local sources	\$ 9,148	\$ -	\$ 263,343	\$ 152,292	\$ 65,090	\$ -	\$ -
Intermediate sources	-	-	-	-	-	375	-
State sources	37,291	-	7,484	34,694	-	-	-
Federal sources	-	-	147,809	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	<u>46,439</u>	<u>-</u>	<u>418,636</u>	<u>186,986</u>	<u>65,090</u>	<u>375</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	37,418	-	-	-	49,619	-	308
Support services	-	-	401,829	96,705	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	<u>37,418</u>	<u>-</u>	<u>401,829</u>	<u>96,705</u>	<u>49,619</u>	<u>-</u>	<u>308</u>
Excess (deficiency) of receipts over disbursements	<u>9,021</u>	<u>-</u>	<u>16,807</u>	<u>90,281</u>	<u>15,471</u>	<u>375</u>	<u>(308)</u>
Other financing sources (uses):							
Transfers in	-	100,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,021</u>	<u>100,000</u>	<u>16,807</u>	<u>90,281</u>	<u>15,471</u>	<u>375</u>	<u>(308)</u>
Cash and investments - beginning	<u>68,509</u>	<u>20,133</u>	<u>45,472</u>	<u>68,634</u>	<u>31,469</u>	<u>4,500</u>	<u>863</u>
Cash and investments - ending	<u>\$ 77,530</u>	<u>\$ 120,133</u>	<u>\$ 62,279</u>	<u>\$ 158,915</u>	<u>\$ 46,940</u>	<u>\$ 4,875</u>	<u>\$ 555</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 77,530</u>	<u>\$ 120,133</u>	<u>\$ 62,279</u>	<u>\$ 158,915</u>	<u>\$ 46,940</u>	<u>\$ 4,875</u>	<u>\$ 555</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 77,530</u>	<u>\$ 120,133</u>	<u>\$ 62,279</u>	<u>\$ 158,915</u>	<u>\$ 46,940</u>	<u>\$ 4,875</u>	<u>\$ 555</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	School Safety Commission Award	Little Paws Preschool	Gifted and Talented	Drug Free Communities	Medicaid Reimbursement	Non-English Speaking Program	Science Telecommunications Grant
Receipts:							
Local sources	\$ -	\$ 2,832	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	958	-	31,572	-	-	33,088	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	958	2,832	31,572	-	-	33,088	-
Disbursements:							
Current:							
Instruction	-	820	31,009	-	-	40,313	-
Support services	958	-	-	2,631	-	1,413	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	958	820	31,009	2,631	-	41,726	-
Excess (deficiency) of receipts over disbursements	-	2,012	563	(2,631)	-	(8,638)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,012	563	(2,631)	-	(8,638)	-
Cash and investments - beginning	90	-	-	2,204	384	10,607	17
Cash and investments - ending	<u>\$ 90</u>	<u>\$ 2,012</u>	<u>\$ 563</u>	<u>\$ (427)</u>	<u>\$ 384</u>	<u>\$ 1,969</u>	<u>\$ 17</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	<u>\$ 90</u>	<u>\$ 2,012</u>	<u>\$ 563</u>	<u>\$ (427)</u>	<u>\$ 384</u>	<u>\$ 1,969</u>	<u>\$ 17</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	<u>\$ 90</u>	<u>\$ 2,012</u>	<u>\$ 563</u>	<u>\$ (427)</u>	<u>\$ 384</u>	<u>\$ 1,969</u>	<u>\$ 17</u>

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Tobacco Settlement Grant	Tobacco Free Mini Grant	Drug Free Indiana Grant 2007 Year	Title I FY 2006-2007	Title I FY 2007-2008	Title V 2006-2008 FY
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 499
Intermediate sources	-	-	1,596	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	11,056	142,759	2,165
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	1,596	11,056	142,759	2,664
Disbursements:						
Current:						
Instruction	131	789	-	27,482	139,224	-
Support services	-	-	1,425	-	655	1,582
Community services	-	-	-	424	2,223	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	131	789	1,425	27,906	142,102	1,582
Excess (deficiency) of receipts over disbursements	(131)	(789)	171	(16,850)	657	1,082
Other financing sources (uses):						
Transfers in	-	-	-	-	9,347	-
Transfers out	-	-	-	(9,347)	-	-
Total other financing sources (uses)	-	-	-	(9,347)	9,347	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(131)	(789)	171	(26,197)	10,004	1,082
Cash and investments - beginning	131	1,000	-	26,197	-	-
Cash and investments - ending	\$ -	\$ 211	\$ 171	\$ -	\$ 10,004	\$ 1,082
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 211	\$ 171	\$ -	\$ 10,004	\$ 1,082
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 211	\$ 171	\$ -	\$ 10,004	\$ 1,082

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Federal Special Education FY 2006-2007	Federal Special Education FY 2007-2008	Federal Special Education Carryover FY 2007-2008	Federal Preschool FY 2006-2007	Federal Preschool FY 2007-2008	Title IV 2006-2008 FY
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	18,078	219,251	-	528	6,751	4,988
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	18,078	219,251	-	528	6,751	4,988
Disbursements:						
Current:						
Instruction	3,037	17,823	-	-	6,391	1,482
Support services	11,936	205,729	1,853	-	-	3,506
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	14,973	223,552	1,853	-	6,391	4,988
Excess (deficiency) of receipts over disbursements	3,105	(4,301)	(1,853)	528	360	-
Other financing sources (uses):						
Transfers in	-	-	1,853	-	-	-
Transfers out	(1,853)	-	-	-	-	-
Total other financing sources (uses)	(1,853)	-	1,853	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,252	(4,301)	-	528	360	-
Cash and investments - beginning	(1,252)	-	-	(528)	-	-
Cash and investments - ending	\$ -	\$ (4,301)	\$ -	\$ -	\$ 360	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ (4,301)	\$ -	\$ -	\$ 360	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ (4,301)	\$ -	\$ -	\$ 360	\$ -

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Drug Free Special Grant FY 2002-2003	Title IV Drug Free 2005-2007 FY	Title IV Drug Free FY 2003-2004	Medicaid Reimbursement	Indiana Wellness Grant	Title II Part A FY 2005-2006
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	2,111
Support services	500	1,220	1	728	-	903
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	500	1,220	1	728	-	3,014
Excess (deficiency) of receipts over disbursements	(500)	(1,220)	(1)	(728)	-	(3,014)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(500)	(1,220)	(1)	(728)	-	(3,014)
Cash and investments - beginning	500	1,220	1	2,919	130	3,014
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 2,191	\$ 130	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ 2,191	\$ 130	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ -	\$ -	\$ 2,191	\$ 130	\$ -

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part A 2006-2008 FY	Title II Part D	Title III FY 2007-2008	Pension Debt Service	Repair and Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 149,185	\$ -	\$ 642,389
Intermediate sources	-	-	-	-	-	1,971
State sources	-	-	-	-	-	145,087
Federal sources	38,222	-	38,911	-	-	630,518
Bonds and loans	-	-	-	148,716	-	148,716
Sale of property, adjustments and refunds	-	-	-	-	25,752	25,752
Total receipts	38,222	-	38,911	297,901	25,752	1,594,433
Disbursements:						
Current:						
Instruction	17,352	-	28,637	-	-	403,946
Support services	20,141	1,482	4,429	-	26,752	786,378
Community services	-	-	-	-	-	2,647
Nonprogrammed charges	-	-	5,845	-	-	5,845
Debt services	-	-	-	228,409	-	228,409
Total disbursements	37,493	1,482	38,911	228,409	26,752	1,427,225
Excess (deficiency) of receipts over disbursements	729	(1,482)	-	69,492	(1,000)	167,208
Other financing sources (uses):						
Transfers in	-	-	-	-	-	111,200
Transfers out	-	-	-	(71,456)	-	(82,656)
Total other financing sources (uses)	-	-	-	(71,456)	-	28,544
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	729	(1,482)	-	(1,964)	(1,000)	195,752
Cash and investments - beginning	-	1,482	-	-	3,599	291,295
Cash and investments - ending	\$ 729	\$ -	\$ -	\$ (1,964)	\$ 2,599	\$ 487,047
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 729	\$ -	\$ -	\$ (1,964)	\$ 2,599	\$ 487,047
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 729	\$ -	\$ -	\$ (1,964)	\$ 2,599	\$ 487,047

The notes to the financial statements are an integral part of this statement.

BREMEN PUBLIC SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	WalMart Foundation Gift	Gifted and Talented	Cargill Scholarship Library Grant	Educate Indiana Library Grant	Totals
Deductions:					
Administrative and general	\$ 425	\$ 69	\$ 240	\$ 226	\$ 960
Cash and investment fund balance - beginning	425	1,500	240	226	2,391
Cash and Investments - June 30	<u>\$ -</u>	<u>\$ 1,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,431</u>
Net assets:					
Cash and investments	<u>\$ -</u>	<u>\$ 1,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,431</u>

BREMEN PUBLIC SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Building Corporation 2001 Refunding Bonds	\$ 265,000	\$ 270,300
Bremen Multi-School Building Corporation-2006 and 2007 Issues	13,925,000	1,018,285
Bonds payable:		
Retirement and Severance	<u>1,505,000</u>	<u>156,419</u>
Total governmental activities debt	<u>\$ 15,695,000</u>	<u>\$ 1,445,004</u>

BREMEN PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS

CREDIT CARDS

The Bremen Public Schools administrative personnel are using credit cards in some instances to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BREMEN PUBLIC SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

CAPITAL ASSET RECORDS

Per the information given to us by the school corporation treasurer, no inventory or record of capital assets has been maintained. A similar comment appeared in the last report, number B29486.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Fixed Asset Account Group Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN CASH FUND BALANCES

The Self-Insurance, \$97,030, Special Education FY 2007, \$1,252, and Federal Preschool FY 2007, \$528 cash fund balances were overdrawn at June 30, 2007. The Self-Insurance, \$97,030, School Bus Replacement, \$110,836, Drug Free Communities, \$427, Special Education FY 2008, \$4,301, and the Pension Debt Service, \$1,964 cash fund balances were overdrawn at June 30, 2008.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn cash fund balances could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE BREMEN PUBLIC SCHOOLS, MARSHALL COUNTY, INDIANA

Compliance

We have audited the compliance of the Bremen Public Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, the Board of School Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 5, 2009

BREMEN PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 17,826	\$ 15,805
National School Lunch Program	10.555		154,976	151,994
Total for federal grantor agency			172,802	167,799
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Warsaw Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027	14205-XXX-DY01	1,572	-
		14206-048-PN01	958	-
		14206-045-PY02	10,806	-
		14204-045-PN01	218,183	14,973
		14207-XXX-PY02	-	1,853
		14208-045-PN01	-	234,973
Total for program			231,519	251,799
Special Education - Preschool Grants	84.173	45706-XXX-PN01	165	-
		45706-XXX-PY02	184	-
		45707-XXX-PN01	6,867	-
		45708-045-PN01	-	6,291
Total for program			7,216	6,291
Total for cluster			238,735	258,090
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Educational Agencies	84.010	FY 06	1,508	-
		FY 07	109,294	27,906
		FY 08	-	164,106
Total for program			110,802	192,012
Pass-Through Elkhart Community Schools				
Vocational Education - Basic Grants to States	84.048	FY 07	6,331	-
		FY 08	-	4,740
Total for program			6,331	4,740
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	2002-03	500	-
		04-354	5,496	-
		05-273	5,027	1,220
		5480-06	-	4,988
Total for program			11,023	6,208
State Grants for Innovative Programs	84.298	FY 05	4,617	-
		FY 06	-	2,664
Total for program			4,617	2,664
Education Technology State Grants	84.318	FY 07	992	1,482
English Language Acquisition Grants	84.365	FY 06	2,918	-
		FY 07	60,475	-
		FY 08	-	38,911
Total for program			63,393	38,911
Improving Teacher Quality State Grants	84.367	FY 07	36,312	3,014
		FY 08	-	37,493
Total for program			36,312	40,507
Hurricane Education Recovery	84.938	FY 07	3,000	-
Total for federal grantor agency			475,205	544,614
Total federal awards expended			\$ 648,007	\$ 712,413

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

BREMEN PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Bremen Public Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
English Language Acquisition Grants	84.365	\$ 9,735	\$ 5,845

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
Child Nutrition Cluster	10.555	\$ 32,760	\$ 19,990

BREMEN PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none

Noncompliance material to financial statements noted?	none
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BREMEN PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BREMEN PUBLIC SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 5, 2009, with Stephanie K. Pittman, Treasurer; Russ Mikel, Superintendent of Schools; and Jack Jordan, President of the School Board.